

May 16, 1968

CONGRESSIONAL RECORD — HOUSE

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out of the 33,000-word report—a sentence from one of the seven steps suggested—and not only played it up out of all proportion but also twisted its meaning. In this sentence, the author had pointed out that the Internal Security Act of 1950 provides for detention centers and wrote:

These might well be utilized for the temporary imprisonment of warring guerrillas.

The gentleman from Iowa, in his May 9 remarks, stated that he had contacted the Department of Justice for clarification of the detention camp provisions of the Internal Security Act and had received a reply from Assistant Attorney General J. Walter Yeagley, in charge of the Internal Security Division, stating:

There is no support therein for the establishment of detention centers for the purpose set forth in the House Committee on Un-American Activities report.

I would like to point out that I was aware of the provisions of this section of the Internal Security Act—as I am sure was the author and other members of the committee—long before Mr. Yeagley's letter was written. As I have pointed out in a letter to one newspaper correcting a misleading account of the committee report, the Internal Security Act provides only for the detention of persons who will probably engage in, or conspire with others to engage in, acts of espionage or sabotage when the President has proclaimed a state of "internal security emergency" because of war, invasion, or insurrection in support of a foreign enemy.

I have also been well aware of the fact mentioned by Mr. Yeagley in his letter to the gentleman from Iowa, that, while a number of detention centers were established years ago in keeping with the provisions of the Internal Security Act, none of these centers was ever activated and all have been used for other purposes for some years.

The important fact, however, is that if certain elements should launch guerrilla warfare against the United States, the Government would have to react: it would undoubtedly capture a considerable number of these guerrilla fighters and it would have to hold them somewhere. Neither I, the other members of the committee, nor the author of the report, know just what the Government would do to meet the latter problem.

Our Federal prisons, of course, are overcrowded. I would say there is no possibility they could be used for what would be, in effect, prisoner-of-war camps. It is my information that existing military stockades are far from adequate for the purpose. The Federal Government, however, does own, or has access to, the previously mentioned detention centers which were established for the purpose of holding large numbers of persons under security conditions. Most are abandoned World War II Army training centers with barracks, mess halls, hospital buildings and similar facilities.

What could be more logical than to suppose, as the author of the committee report did, that the Government might well decide to use these existing facilities

for, as he wrote, the "temporary" imprisonment of captured guerrillas?

Importantly, despite the wording of Mr. Yeagley's letter, I want to stress the point that even though the Internal Security Act, as I said, does not provide for the creation of centers to detain captured guerrillas, there is nothing in that act, there is nothing in any other statute, there is nothing in the Constitution, and nothing in logic barring the use of these centers for that purpose.

The would be utilized for that purpose, of course, not under the authority of the Internal Security Act but under the President's authority as Chief Executive and Commander in Chief of the Armed Forces to deal with insurrection and rebellion.

It is most unfortunate that the wording of Mr. Yeagley's letter and the placing of it in the RECORD has created the false impression that such use of the centers would be illegal or improper. The fact is that the Government, owning these properties, can use them for any one of a variety of purposes and is actually doing so now.

I very much regret that the wording of the May 9 remarks of the gentleman from Iowa could be said to imply that the committee report contains "reckless reprisal statements" which can have no other effect but to help those who are doing everything they can to further inflame emotions in already highly charged ghettos. The report, most emphatically, makes no recommendations or suggestions whatsoever about the handling of ghetto rioters. The sentence at issue deals only with captured guerrillas in a case of actual insurrection against the U.S. Government. It has no other application.

Also regrettable, in reference to the report, is the gentleman's statement:

A disproportionate concentration on presumed conspiratorial danger diverts us from the principal sources of urban unrest and protest, which are essentially social and economic.

Regarding this statement, I would like to call attention to two facts. First, the report is primarily concerned not with riots and not with some vaguely "presumed" conspiracy, but with actual guerrilla warfare plans, instruction, and training. Guerrilla warfare is much different from "urban unrest and protest," as the gentleman from Iowa referred to riots. The roots of the guerrilla warfare some elements are planning against the United States, as the report makes clear, are conspiratorial and clearly alien. No government deals with alien-inspired armed guerrilla uprisings by social and economic reforms.

Second, insofar as the report concerns urban riots, and it does to some extent, it makes due note of their economic and social causes—the denial of basic rights and related matters. It quotes at some length, for example, the findings of the Cleveland grand jury on the evils in the Hough area which contributed to the riots there. Also quoted on the subject of injustice is an excerpt from an excellent study, "Prevention and Control of Mobs and Riots," which was compiled by the FBI in cooperation with law-enforcement agencies in all parts of the country. Moreover, this is done in a manner which

indicates clearly that the report supports the correction of such evils.

Is it to be expected that a Federal report on guerrilla warfare should go further and contain a blueprint for complete social and economic reform which will supposedly solve the separate issue of local urban rioting?

I understand the concern of the gentleman from Iowa about the matter but I strongly disagree with his words that it is "most regrettable" that the report "has served to again stimulate baseless and highly misleading rumors about detention camps, as a solution to uprising which it admits are not likely to occur."

The fact is that it is not the report which has stimulated these rumors but slanted and biased accounts of the report published by a newspaper, the Washington Post, which has a long public record of bias against the committee, coupled with continuing effort to discredit it by any and all means. Comparison of the Washington Post account of the report with those published by many other newspapers makes this abundantly clear.

I must express my regrets, too, that the gentleman from Iowa, if he had reservations, complaints, disagreements, and so forth, concerning the report, did not bring them to the attention of the committee at any time during the months before its publication when he had galley in his possession and, particularly, that he did not raise them at the meeting when the committee, with his concurrence, approved its release.

Finally, it is regrettable that the gentleman from Iowa, if he had some questions about title II of the Internal Security Act, did not endeavor to obtain clarification from other committee members and staff personnel who were thoroughly familiar with the report and could have informed him of the correct meaning of the reference to it in that document.

The May 9 letter of Mr. Yeagley which was placed in the RECORD of that day by the gentleman from Iowa is poorly worded. I have no desire to be over critical of Mr. Yeagley who as head of the Internal Security Division of the Department of Justice, has tried to do a good job in the face of many difficulties.

Having served as the head of the Internal Security Division here in Washington for many years, however, he must be familiar with the extent to which the Washington Post has traditionally and consistently published distortions and falsehoods about the Internal Security Act, the Subversive Activities Control Board, security laws, various governmental agencies dealing with security, and particularly the Committee on Un-American Activities. Despite this he based his letter to the gentleman from Iowa largely on what the Washington Post reported about the committee document instead of basing it on what the document itself actually states.

The result is that, although the wording of his letter is technically correct, it definitely creates the impression that the committee has made a recommendation it has never made and, further, that it has made an improper recommendation—one that is actually contrary to

the provisions of the Internal Security Act. By doing so, it also creates the misleading impression that an official committee position is giving credence to the false rumors now being circulated that the Government has "concentration" camps which will be used for the mass detention of militant Negroes.

E-W
THE DEVELOPMENT OF A POSITIVE U.S. EXPORT POLICY

(Mr. REES asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. REES. Mr. Speaker, as a member of the Banking and Currency Subcommittee on International Trade, I have been very concerned with recent developments in this overall area. We have been dealing not only with balance-of-payments problems, but various proposals which would unfortunately reverse the progress this Nation has been making in the recent Kennedy round tariff discussions.

I place in the RECORD an address by our colleague, Congressman THOMAS LUDLOW ASHLEY, chairman of the Subcommittee on International Trade, given before the Toledo Society of Professional Engineers on May 7, 1968. This speech, I believe, represents an excellent approach toward the development of a positive U.S. export policy:

ADDRESS ON FOREIGN TRADE BY THE HONORABLE THOMAS LUDLOW ASHLEY, BEFORE THE TOLEDO SOCIETY OF PROFESSIONAL ENGINEERS ON MAY 7, 1968

I appreciate this opportunity to discuss with you the problems arising from our international trade agreements and how these problems relate to the current imbalance of payments.

Being aware of the opposing views of a previous speaker on this topic, let me say that I especially appreciate your open mindedness in wanting to hear both sides of the case.

I'd like to start with a brief review of current trade policy generally, the Kennedy Round more specifically, and then try to identify resulting difficulties that face us.

As a general proposition, I think it can be said that trade policy at any given time in our history has reflected the state of the national economy during that same period.

Certainly the vitality of the early years of the 20th century helped produce the famous Underwood Tariff of 1913, the most comprehensive ever undertaken to that date, resulting in an average tariff rate of 27%.

The depression which followed World War I, in turn, produced the Fordney-Macomber Tariff of 1922, with an increased average tariff of 38 1/2%, which was in force until 1930.

Then came the Smoot-Hawley Tariff of 1930 in response to the crash and the beginning of the depression. While it was in force between 1930 and 1934, the average tariff was 59%—the highest level in history. This triggered reciprocal tariff, raising all over the world, with the result that world trade went down two-thirds during the 4 years from the 1930 level. U.S. exports alone dropped 70%, while the U.S. share of world trade dropped one-third.

The first phase of the trend toward liberalization of U.S. policy is identified with the Reciprocal Trade Agreements Act of 1934. By that Act Congress gave the President authority to reduce then existing tariffs by 50%. Perhaps the most significant aspect of the

Act was the inclusion of the most-favored-nation clause which limits discrimination in trade by extending to third parties the same terms agreed to by contracting parties. This clause became a fundamental principle of U.S. trade policy, as well as a cornerstone of international trade.

The purpose of the 1934 Act was to make bilateral agreements that would increase U.S. exports and employment, as long as there would be no injury to domestic industry. Actually there was little possibility of injury because of high rates and the item-by-item approach to negotiations which allowed certain commodities to be excluded if a decrease in rates would result in an increase in imports.

The 1934 Act was a permanent one but authority to negotiate specific amounts of reduction required renewal. These extensions were made every 3 years and by 1945, when the President was again given authority to cut rates by an additional 50%, the U.S. had concluded agreements with 29 countries.

A second phase of the trend toward liberalization of trade policy came in 1947 when the U.S. and 22 other major trading nations negotiated simultaneously for both reduction of tariffs and removal of trade barriers. These multi-lateral negotiations were conducted at Geneva and culminated in the General Agreements on Tariffs and Trade. GATT membership now includes some 70 nations that account for about 80% of total world trade. Agreements under GATT were made again in 1949, 1951, 1956, 1962 (Dillon Round) and 1967 (Kennedy Round). The value of world trade involved in these negotiations (in billions of dollars) grew from \$2.5 billion in 1956 to \$4.9 billion in 1962 to \$40 billion in 1967, while the percent of average tariff reduction grew from 4% in 1956 to 7% in 1962 to 35% in 1967.

The Trade Expansion Act of 1962—the next major move in U.S. trade policy—gave authority to the President to reduce tariffs up to 50% of the rates existing as of July 1, 1962; to eliminate tariffs on products in which the U.S. and the EEC together accounted for at least 80% of the world trade; and to eliminate rates that did not exceed 5%. The 1962 Act empowered the President to negotiate across-the-board tariff reductions (rather than item by item) and modified the safeguard provisions of the old trade agreements program.

An important practical objective of the 1962 Act was to assure U.S. access to the EEC because in the absence of broad changes in U.S. commercial policy, it was seen that EEC tariffs would be discriminatory and restrictive to U.S. trade.

The 1962 Trade Expansion Act was geared to stimulating not only U.S. exports but also world trade in general, with mutual benefits expected to accrue to all nations as a result of international specialization and trade and the more efficient use of resources which in turn fosters more rapid economic growth. The Kennedy Administration acknowledged that further tariff reductions could lead to increased imports as well as exports. Hence the President was provided with authority to institute various new types of "trade adjustment assistance" such as readjustment allowances to unemployed workers, vocational training, and loans and tax benefits to employers affected by increased imports.

In brief, then, since 1934 we've seen average U.S. tariff rates decline from 59% to 12% in 1967, while our exports rose from \$2 billion in 1934 to \$30.9 billion in 1967, a period during which imports climbed from \$1.7 billion to \$26.8 billion.

Turning to the Kennedy Round, the most far reaching ever in reduction of barriers to international trade, it was agreed that tariff reductions would go into effect in 4 stages: in January and July of 1968, January of 1970 and January, 1972.

Based on the year 1964 and summarized primarily in terms of the value of trade

covered by concessions and by the depth of the duty reductions, total tariff concessions exchanged in the Kennedy Round covered about \$40 billion of trade.

The U.S. granted tariff concessions on about \$8.5 billion of its imports and received concessions on \$8.1 billion of its exports.

As between the industrialized nations (U.S., EEC, UK, Austria, Denmark, Finland, Norway, Sweden, Switzerland and Japan, the countries negotiating on a linear or across-the-board basis) the U.S. received concessions covering trade of \$7.6 billion while granting reductions of \$6.7 billion.

If the past is any guide to the future, new export opportunities will be created for American goods as tariffs are reduced abroad, and as exports increase so will the earnings of American businesses and the number of jobs for American workers. As U.S. tariffs are reduced on materials and components used by American manufacturers, both the imported items and the competing domestic materials will be cheaper, production costs will be thereby reduced, and as a consequence the competitive position of American manufacturers using these inputs will be improved in both export and domestic markets.

Conversely, if imports were to be sharply reduced, through quotas or other means, the individual American consumer, as well as industry, would have less choice in the variety, quality, style and price of goods available for purchase. Many things bought from abroad cannot be produced in the United States except at prohibitive costs; other imports are competitive with U.S. products and thereby help keep price levels down. There is nothing new or startling about this: trade among nations is, after all, only the extension beyond our borders of the basic elements of the free enterprise system—competition, specialization, the price mechanism, the free market, freedom of choice, and mutually advantageous exchange.

This is by no means to say that there will not be problems if we continue to pursue a liberal trade policy. Broadly speaking, it seems to me that the general or overall problem we face is that we live in a rapidly and vastly changing world where we must expect a growing number of industrial countries with every improving technology that are just as anxious as we are to advance their standards of living by more actively participating in growing market opportunities throughout the world.

The issue, also broadly stated, is whether we are going to continue our present leadership role, accepting as we must the complex problems which must be overcome if liberal trade is to benefit and serve the community of free nations, or whether we are once again to withdraw from participation and retreat into economic isolationism.

There's no argument, as I've indicated, that there are problems to be met if we continue our liberal trade policy.

Among the future developments which may confront us are:

The possible expansion of existing regional trading blocks and the emergence of new ones.

The mounting importance of non-tariff barriers to trade, as tariffs go down.

The building of new productive facilities throughout the world, bringing new buyers and sellers into the world market.

The growth of American investment abroad which is making many of our large corporations truly multi-national in character.

The determination of developing nations to widen their export markets and reduce their dependence on basic commodities, and

The desire of both east and west to expand two way trade across the vanishing Iron Curtain.

Immediate attention is being given to the problem of non-tariff barriers.

While all trade problems require for their solution the close cooperation of industry and government, this is probably even more

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true of non-tariff barriers than of others because their very existence is often first known to the businessman seeking to sell his product abroad. U.S. negotiators during the Kennedy Round were handicapped by lack of documented specifics with respect to the effect of non-tariff barriers and by lack of explicit authority to deal in a negotiating framework with this difficult area. The United States, too, has its own non-tariff barriers against the exports of other nations and negotiations requires reciprocity and the ability to move toward compromise.

It should be noted that very comprehensive efforts have been made over the past 5 years to obtain documented data with respect to non-tariff barriers, including consultations with some 60 different industries, public hearings held pursuant to provisions of the Trade Expansion Act, discussions with the International Affairs Committee of the Business Council, a study by the National Industrial Conference Board, introduction of the issue into the Organization for Economic Cooperation and Development and, most recently, formal raising of the problem by the U.S. in GATT where a Working Party is now actively reviewing the ruling which governs these adjustments.

A full evaluation of the impact of the Kennedy Round must also recognize that there will be some adverse effects as well as beneficial to American industry. Although the overwhelming majority of American industries that face competition can adjust in stride, increases in imports resulting from reduced U.S. tariffs can cause dislocations which require adjustment assistance. New and more constructive means for dealing with the problems which imports may create for particular firms or groups of workers, or even entire industries, are being fully explored as we seek to liberalize the present criteria for adjustment assistance.

The guiding principle in this effort is that tighter quotas or higher tariffs are not necessarily the most appropriate or effective form of relief for injury due to import competition. It may be better in the long run to promote the economic flexibility needed to cope with the ever-changing currents of world trade and their varying effects on different segments within a specific industry, rather than to attempt to insulate whole sectors of our economy against these changing currents.

Let me also be clear about another problem of considerable magnitude, namely, inflation. If we are to successfully pursue a policy of liberal trade, ability to compete will depend upon ability to meet price competition. Since inflation is a significant component of cost reflected in price, nothing could be more obvious than the conclusion that unchecked inflation, whether it be cost-push, demand-pull or the classical definition of too many dollars chasing too few goods, can put us in an extremely exposed position.

I think it is probably true that protectionism provides a degree of insulation against inflation but quite honestly I don't think this is good for either the American producer or the American consumer.

There are other problems as well. In recent days we have read that the first quarter U.S. trade surplus is at the lowest level since World War II—\$731 million on a seasonally adjusted annual basis as against about \$4 billion in calendar 1967. A number of reasons have been given for this precipitous decline: the New York dock strike, steel inventories, increased imports of small automobiles, the surge in copper imports because of the 8 month tie up in the domestic industry, and the different timing of U.S. and foreign business cycles.

These, too, suggest areas of vulnerability which we must recognize and be responsive to if we really mean to protect our own markets and compete successfully abroad.

In all truth, I think that it can be said that the Federal Government must be more vigorous in all of these areas of actual or potential vulnerability. But whether the finger is pointed at the Administration or the Congress, or both, failure to bridge the current \$20 billion deficit gap through a combination of federal expenditure cuts and a temporary tax increase is fiscal irresponsibility at its worst because it can only result in a permanent inflation, obviously to the detriment to our trade efforts.

We have also failed to provide effective guidelines which could at least help minimize the wage-price spiral which also inhibits our ability to meet foreign competition and, in a somewhat removed but nonetheless important area, we have been slow to provide competitive export credits—the loans that make it possible for foreigners to purchase U.S. products.

These are some of the difficulties we face and which are inherent in pursuance of a liberal trade policy. They can be met if we have the will and chose to do so. To revert to a protectionist course might obviate some of these problems in the short run but it would also beget others. We can hardly overlook that if new tariffs are imposed, or if quotas are established by the United States at the insistence of one industry, some other American industry or industries must be made to pay the price for that new protection, either by compensatory reductions in tariffs on imports in their field or through consent by the U.S. to increases of foreign tariffs on U.S. exports. In its simplest terms this involves robbing Peter to pay Paul—a regrettable degree of direct participation by government in the allocation of foreign trade between industries. Under the present circumstances, with the President's power to negotiate such compensatory adjustments in tariffs having lapsed, the only remedy available to the foreign governments affected is by way of retaliation—in each case affecting third country trade as well—which inevitably would be followed by a chain reaction of counter-retaliatory moves around the world, affecting all foreign trade. This is precisely what happened when the Smoot-Hawley Tariff Act of 1930 triggered a wave of retaliatory trade restrictions—an important factor in deepening the great depression of the 30's.

Nor do I think that protectionism can affect our balance of payments problem except adversely. A leading proponent of this course suggests that an easy cure is available: cut off all foreign trade and grant important licenses only on a high priority basis. This is both simplistic and illogical. It might not kill his golden goose—although I'm not sure of this in the long run—but it would certainly kill others. The fact is that we can't cut ourselves off from our international responsibilities—responsibilities which promote both our short and long range national interest—with a press of the button or a flip of the switch. Were we to follow this advice, our trade balance—which has been a major asset in our balance of payments—would be decimated through retaliation, compounding an already difficult problem even further.

Certainly liberal trade is not THE answer to bring our payments into balance but in my view it forces upon us the range and system of disciplines which are essential if we are to remain competitive and innovative—the two basic requirements for meeting the challenges which face us in our national life both at home and abroad.

A REPLY WILL BE INTERESTING

(Mr. JONES of Missouri asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. JONES of Missouri. Mr. Speaker,

I am in receipt of a letter from Mr. Floyd E. Wilson, superintendent of the North County Public Schools in Desloge, Mo., in which he enclosed a copy of a letter he had addressed to the President of the United States, requesting an answer to a question by one of Superintendent Wilson's students, which Mr. Wilson could not answer; which I cannot answer, and which I believe only the President can answer.

The letter to the President follows:

MAY 14, 1968.

The PRESIDENT,
The White House,
Washington, D.C.

Sir: As a leader of youth in the capacity of Superintendent of Schools, I am confronted with a question to which I do not know the answer.

In the recent months, there has been two deaths of leaders who are known throughout the country. When Dr. Martin Luther King was so unjustly assassinated, you as President of the United States by having this power invested to you by the virtue of your office, ordered the flag to be flown at half-mast.

Just recently, Mrs. Lurleen Wallace, Governor of Alabama, died, and the flag was not ordered to be flown half-mast for her.

I am not against recognition of people who are dedicated to be leaders of what is right, but I have always been under the impression that our flag is flown at half-mast only for heroes or government officials.

I realize that you have the most responsible position in the world, and I admire you for your ability in this capacity. I am sure that you receive all kinds of letters, and receive more criticism than praise.

The only reason I write this letter is so that I can answer the questions of the young citizens of America.

Respectfully yours,

FLOYD E. WILSON,
Superintendent.

IN MEMORY OF SPEAKER MARTIN

(Mr. JONES of Missouri asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. JONES of Missouri. Mr. Speaker, in the passing of the late Honorable Joseph W. Martin, Jr., America lost one of its most distinguished citizens and a great patriot. As a member of the minority when he served as Speaker of the House of Representatives, I think I came to appreciate more fully the sterling qualities of this individual who enjoyed the esteem, respect, and friendship of all those with whom he had served. While the two districts which we represent in Congress had very little, if anything, in common, I was impressed as a new Member that here was a man, a leader in this House, who while he might not have a comprehensive understanding of the problems of the area I was attempting to serve, was sympathetic to my problems and would take the time to listen and to advise me as to how these problems might be alleviated. Over the years we became, what I like to believe, close friends, and I remember at least three or four occasions when Mrs. Jones and I would be "eating out," we ran onto Speaker Martin, dining alone, and we would enjoy informal visits with him. Perhaps it was these occasions which caused me to regard him as a lonely man. He was indeed, a gracious gentleman,

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one who served his district, his State, and his Nation well, and whose memory will linger on in the minds of those who were privileged to know and work with him.

TRIBUTE TO MEMORY OF PAST COMMANDER IN CHIEF ARCHIE HOUSE

(Mr. O'HARA of Illinois asked and was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. O'HARA of Illinois. Mr. Speaker, belatedly, and with deep sadness, I have learned of the death of Archie J. House, past national commander in chief of the United Spanish War Veterans. He was a great and good American who set for future generations a pattern of service and patriotism.

The last time I saw and talked with Archie was at the White House just 2 weeks before the black and tragic day of President Kennedy's assassination. I had gone with Archie and his wife Blanche to the White House to pay respects to the Chief Executive of our Nation, representing as we did the veterans of the war of 1898 meeting with the honored veteran of World War II, the President of our beloved country, and President Kennedy personally had escorted us around the garden and amidst the flowers, and on bidding us farewell had said: "BARRATT knew my grandfather," the last words I was to hear from President Kennedy, whose grandfather I had indeed known and long had counted among the heroes of my boyhood. In the period of the Spanish-American War, when the 33d Volunteer Infantry of Michigan was brigaded and served in Cuba with the Ninth Massachusetts Infantry, the Kennedy grandfather was mayor of Boston. No man ever had a bigger and a kindlier heart, and he was in a large sense a national idol.

Archie House was born in January of 1882 and I in April of the same year. We were sophmores in the high school at Benton Harbor, Mich., when the *Maine* was sunk in Havana Bay and war with Spain followed. We enlisted together in Company I, 33d Michigan Infantry, trained together at Island Lake in Michigan, later at Camp Alger at Falls Church, Va., and then together were off to Cuba and the siege of Santiago.

The last I had heard from Archie, and that was not long ago, and he and his wife were living in Florida, he seemed in good health and certainly as always in good and cheerful spirits. I learned of his passing from the news bulletin issued by the Department of Michigan, United Spanish War Veterans. It was a blow that brought home the realization that the trail of the youth of the last years of the 19th century is rapidly approaching the end. I am told that less than 9,000 remain.

To the wife and loved ones of my high school buddy, later my comrade in march and battle in a foreign land, and later my commander in chief, goes my deepest sympathy.

(Mr. O'HARA of Illinois asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. O'HARA of Illinois' remarks will appear hereafter in the Extensions of Remarks.]

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CONGRESSWOMAN SULLIVAN IS PRAISED FOR REHABILITATION HOUSING PROGRAM

(Mr. PATMAN asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PATMAN. Mr. Speaker, recognition has again come to Congresswoman LEONOR K. SULLIVAN, one of our esteemed colleagues and a senior member of the House Committee on Banking and Currency, for her sponsorship of what now is called the 221(h) section of the National Housing Act. This law provides funds to buy and rehabilitate old housing for resale to low-income people at reasonable interest rates.

The Washington Post has written up the first project under the Sullivan rehabilitation housing program. This project in St. Louis has succeeded beyond all expectations as the newspaper article points out.

Most significant is the fact that this housing program successfully involves everyone within the community and allows all to participate in rebuilding what previously had been a slum. The importance of this program is perhaps best summed up by Father Kohler, who has involved himself in this program, when he was quoted as saying:

If we get enough homes built, we'll make it go—homeowners aren't home burners.

Mr. Speaker, I recommend this article to our colleagues and I hope that this program will continue to receive the full support of HUD for it has already become in just the 1 year it has been in existence one of the most successful housing programs we have.

The article follows:

HOUSING PLAN INSPIRES HOPE

(By Eve Edstrom)

In the living room on the second level of his sturdy row house, Theodore Forte leaned back on the sofa and talked about building a barbecue pit, setting up summer furniture, and landscaping the patio.

The conversation, like the floor plan of Forte's home, was not a world apart from swank Georgetown. Yet Forte lives in one of St. Louis' worst slums.

He is a truck driver for that city's rubbish department and the father of seven children—but he is able to save dollars every week and buy his own home because of "Mrs. Sullivan's law."

I'VE GOT A FUTURE NOW

That law is Section 221(h) of the National Housing Act and what it means to Forte is this:

"I'm living for something now—my own front yard, my own back yard, my own basement. It's a pleasure every night I get home. You can't beat it. You see, I've got a future now and so do my children."

That same kind of future is in sight for 1340 low-income families in 62 cities, including Washington. In these cities, nonprofit organizations are borrowing Federal funds at 3 per cent interest, as authorized under 221(h), to buy and rehabilitate old housing for resale to the poor at the same low-interest rates.

While this program is just getting under way in most cities, its prototype began in St. Louis in 1963 when two priests began a "find and fix-up" housing effort for one large family whose income had priced them out of public housing.

EIGHTY FAMILIES REHOUSED

That effort provided the basis for 221(h), which was pushed through Congress by Rep. Leonor K. Sullivan (D-Mo.) ranking member of the Banking and Currency's Housing Subcommittee.

The first Federal loan under the legislation went to the St. Louis project which, in the last four years, has rehoused about 80 families in rehabilitated dwellings that are about 70 years old.

Other cities, such as Washington where one project involving nine properties is under way and other nonprofit organizations have been established to do similar work, can profit from the St. Louis experience.

It shows that neighborhood corporations can do an effective housing rehabilitation job. But it also shows that a number of self-help measures ranging from job-finding programs to credit unions, must be folded into the program if the rehoused families are to become stable home owners.

The St. Louis results have been dramatic. There have been no defaults in payments. Some family heads have almost doubled their income. Others, like the Forte family, have the same income but are saving money because they no longer pay fantastic heat and gas bills for drafty, ill-equipped dwellings.

IMMIGRANTS MOVED OUT

The St. Louis project area, on the Near North Side, consists of nine blocks where formerly Irish and Polish immigrants lived in the solidly-built brick rowhouses. As the immigrants moved out, slum landlords took over and let the houses deteriorate. Several of the houses are now vacant and boarded up, and others have been demolished, giving the area a war-torn appearance.

Across the avenue and towering over the project site is one of the Nation's largest public housing developments (Pruitt-Igoe), which has 2900 units and is described as a high-rise "jungle" by those who have lived in it. Its shattered windows and grounds littered with debris and clusters of unkempt toughs make it one of St. Louis' sorriest sights.

It was in Pruitt-Igoe that Mr. and Mrs. Oscar Straughter and their seven children lived.

"At first I thought it was heaven—six rooms all to ourselves when we only had two rooms before," Mrs. Straughter said.

DECIDE TO LEAVE

But she soon found that the family was living in a "madhouse," with thousands of children so sandwiched together that there were constant fights. And each time the Straughter family tried to get ahead through pay raises or additional income from a daughter who went to work, their rent went